

KANSAS LEGISLATIVE RESEARCH DEPARTMENT

010-West--Statehouse, 300 SW 10th Ave.
Topeka, Kansas 66612-1504
(785) 296-3181 ♦ FAX (785) 296-3824

kslegres@klrd.state.ks.us

<http://www.kslegislature.org/klrd>

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To: Legislative Budget Committee and Governor Mark Parkinson
From: Kansas Legislative Research Department and Kansas Division of the Budget
Re: Human Services Consensus Caseload Estimates for FY 2010 and FY 2011

The Division of the Budget, Department of Social and Rehabilitation Services, Kansas Health Policy Authority, Department on Aging, Juvenile Justice Authority, and the Legislative Research Department, met on October 29, 2009, to revise the estimates on human services caseload expenditures for FY 2010 and to make initial estimates for FY 2011. The caseload estimates include expenditures for Nursing Facilities, Regular Medical Assistance, Temporary Assistance to Families, General Assistance, the Reintegration/Foster Care Contracts, psychiatric residential treatment facilities, and out of home placements. A chart summarizing the estimates for FY 2010 and FY 2011 is included at the end of this memorandum. The estimate for FY 2010 is increased by \$24.3 million from the State General Fund and \$40.2 million from all funding sources. The new estimate for FY 2011 then increases by \$118.4 million from the State General Fund, and \$51.6 million from all funding sources. **The combined increase for FY 2010 and FY 2011 is an all funds increase of \$91.8 million and a State General Fund increase of \$142.7million.**

The estimates include Medical Assistance expenditures by both the Kansas Health Policy Authority (KHPA) and the Department of Social and Rehabilitation Services (SRS). Most health care services for persons who qualify for Medicaid, MediKan, and other state health insurance programs were transferred to the KHPA on July 1, 2006, as directed in 2005 Senate Bill 272. Certain mental health services, addiction treatment services, and services for persons with disabilities that are a part of the Regular Medical Assistance Program remain in the budget of SRS.

FY 2010

For FY 2010, the estimate is an all funds increase of \$40.2 million and a State General Fund increase of \$24.3 million as compared to the budget approved by the 2009 Legislature, further modified by the Governor through the allotment process. The associated allotment reduction captured the additional increase in anticipated federal contribution and a corresponding decrease in the State General Fund requirements for FY 2010. This State General Fund reduction in FY 2010 totaled \$140.9 million, mainly due to the American Recovery and Reinvestment Act (ARRA) funding.

The all funds increase is due largely to increased estimates for Mental Health services, regular medical expenditures and Temporary Assistance to Families expenditures, partially offset by a decrease in Reintegration/Foster Care. Certain benefits which have a correlation to changes in the economic conditions in the state have been made, but may require additional adjustment in the April estimate.

The SRS Mental Health increase of \$26.5 million in all funds and \$7.8 million State General Fund increase in FY 2010 reflects an increase in beneficiaries and an increase in the payment rates for both the Prepaid Ambulatory Health Plan (PAHP) and the Psychiatric Residential Treatment Facilities. The Temporary Assistance to Families increase of \$2.2 million from all funding sources mainly is attributable to increased caseloads. In addition, expenditures for the regular medical program have increased by \$11.4 million from all funding sources, including \$18.3 million from the State General Fund. This estimate includes a decrease in fee fund expenditures for the state match and a corresponding increase of State General Fund expenditures attributable to decreased fee fund revenue projections for the Kansas Health Policy Authority for FY 2010. Out of Home Placement estimates for the Juvenile Justice Authority increased by \$1.0 million, including \$1.1 million from the State General Fund, due to increasing population among the youth. Estimates of Nursing Facilities expenditures increased by \$2.0 million, including \$607,700 from the State General Fund, mainly attributable to increased estimated cost per person.

FY 2011

The FY 2011 initial estimate is \$2.3 billion, including \$841.9 million from the State General Fund. The estimate is an all funds increase of \$51.6 million and a State General Fund increase of \$118.4 million as compared to the revised FY 2010 estimate. The portion of expenditures anticipated to be funded by the federal government for the Medicaid program have decreased due to the end of the American Recovery and Reinvestment Act (ARRA) funding at the end of December 2010, or half way through FY 2011. The increased amount of State General Fund required for matching in FY 2011 is estimated at \$93.5 million. The base Medicaid matching rate for federal contribution, excluding ARRA funding, was reduced by 1.33 percent between FY 2010 and FY 2011. The estimated impact of this reduction in FY 2011 is \$20.5 million. In addition, FY 2010 includes 53 weeks of payments, while FY 2011 returns to the standard 52 week payment year.

Regular Medical expenses for KHPA were increased by \$80.0 million from the State General Fund and \$39.4 million from all funds due to estimated increases in caseloads and higher per person expenditures. Nursing Facility expenditures were increased by \$3.7 million all funds, including \$20.7 million from the State General Fund, due to increased cost per person. Caseloads for Temporary Assistance for Families have increased by \$8.8 million, from all funding sources, due to increased estimates regarding the numbers of persons accessing services. The SRS Mental Health increase of \$1.9 million in all funds and the \$13.0 million State General Fund increase in FY 2011 generally is tied to estimated increases in beneficiaries for the Prepaid Ambulatory Health Plan (PAHP). These increases are partially offset by small decreases in expenditures for Psychiatric Residential Treatment Facilities by the Juvenile Justice Authority, General Assistance payments, and Addiction and Prevention Services (AAPS)/Prepaid Inpatient Health Plan (PIHP) by SRS.

**Human Services
October 2009
Consensus Caseload Estimates**

Program		FY 2010 Approved	October Revised FY 2010	Difference from Approved	October Estimate FY 2011	Diff. from FY 2010 Estimate
Nursing Facilities	SGF	\$ 111,816,800	\$ 112,424,500	\$ 607,700	\$ 133,149,324	\$ 20,724,824
	AF	368,000,000	370,000,000	2,000,000	373,700,000	3,700,000
Targeted Case Management (Aging)	SGF	\$ 1,580,020	\$ 1,580,020	\$ 0	\$ 1,852,760	\$ 272,740
	AF	5,200,000	5,200,000	0	5,200,000	0
Psychiatric Residential Treatment Facilities (PRTFs) (JJA)	SGF	\$ 2,157,335	\$ 2,157,335	\$ 0	\$ 2,315,950	\$ 158,615
	AF	7,100,000	7,100,000	0	6,500,000	(600,000)
Out of Home Placements (JJA)	SGF	\$ 18,500,000	\$ 19,600,000	\$ 1,100,000	\$ 21,037,226	\$ 1,437,226
	AF	21,968,941	22,900,000	931,059	23,383,470	483,470
Nursing Facilities for Mental Health (NFMH)	SGF	\$ 13,360,427	\$ 13,900,000	\$ 539,573	\$ 14,000,000	\$ 100,000
	AF	15,743,520	16,251,608	508,088	16,258,274	6,666
Temporary Assistance to Families	SGF	\$ 29,821,028	\$ 29,821,028	\$ 0	\$ 29,821,028	\$ 0
	AF	50,812,736	53,000,000	2,187,264	61,800,000	8,800,000
General Assistance	SGF	\$ 4,022,160	\$ 4,500,000	\$ 477,840	\$ 4,300,000	\$ (200,000)
	AF	4,022,160	4,500,000	477,840	4,300,000	(200,000)
Reintegration/Foster Care	SGF	\$ 90,196,703	\$ 85,000,000	\$ (5,196,703)	\$ 86,000,000	\$ 1,000,000
	AF	137,000,000	131,115,351	(5,884,649)	131,789,617	674,266
Regular Medical (KHPA)	SGF	\$ 346,676,000	\$ 365,000,000	\$ 18,324,000	\$ 445,000,000	\$ 80,000,000
	AF	1,310,206,747	1,321,580,000	11,373,253	1,361,000,000	39,420,000
Mental Health (SRS)	SGF	\$ 65,162,609	\$ 73,000,000	\$ 7,837,391	\$ 86,000,000	\$ 13,000,000
	AF	212,565,574	239,085,578	26,520,004	240,993,850	1,908,272
Community Supports and Services (SRS)	SGF	\$ 9,211,482	\$ 9,700,000	\$ 488,518	\$ 11,700,000	\$ 2,000,000
	AF	30,315,888	31,928,901	1,613,013	32,837,496	908,595
AAPS/PIHP* (SRS)	SGF	\$ 6,663,674	\$ 6,800,000	\$ 136,326	\$ 6,734,070	\$ (65,930)
	AF	21,930,800	22,383,147	452,347	18,900,000	(3,483,147)
TOTAL	SGF	\$ 699,168,238	\$ 723,482,883	\$ 24,314,645	\$ 841,910,358	\$ 118,427,475
	AF	\$ 2,184,866,366	\$ 2,225,044,585	\$ 40,178,219	\$ 2,276,662,707	\$ 51,618,122

SGF - State General Fund

AF - All Funds

* Addiction and Prevention Services (AAPS)/Prepaid Inpatient Health Plan (PIHP)